

CALIFORNIA ENERGY COMMISSION

1516 NINTH STREET
SACRAMENTO, CA 95814-5512



March 16, 2001

TO: AGENCY DISTRIBUTION LIST

REQUEST FOR AGENCY PARTICIPATION IN THE REVIEW OF THE LARKSPUR ENERGY PROJECT EMERGENCY PERMITTING PROPOSAL (01-EP-1)

On March 8, 2001, the Wildflower Energy, LP (Wildflower) filed an emergency permitting application for the Larkspur Energy Project (Larkspur). A copy of this filing is enclosed with this letter. Staff has determined that Wildflower has provided the information necessary to begin the processing of their application.

This project is being reviewed under Public Resources Code section 25705, which grants the Energy Commission emergency permitting authority, and Executive Order D-26-01, issued February 8, 2001 and Executive Order D-28-01 issued on March 7, 2001. **In Executive Order D-26-01, and Executive Order D-28-01 the Governor ordered the Energy Commission and other relevant state and local agencies to expedite review of proposed thermal power plants for construction and operation on an emergency basis by September 30, 2001. The Commission requests that you send any comments, concerns, or proposed conditions of certification identified by your agency by March 30, 2001.** The application is available at <http://www.energy.ca.gov/sitingcases/peakers/larkspur>, and is being sent with this letter. Comments should be sent to Bob Eller, the Energy Commission project manager for Larkspur, by email at beller@energy.state.ca.us. We request that comments be sent in Word 97 or Word 2000 format.

Staff has begun an expedited 'fatal-flaw' analysis of the project. A hearing will be held in San Diego in approximately seven to ten days. In order for the project, if approved, to be on line by July 31, the Energy Commission plans to complete the expedited review of this project approximately three weeks from determining the application is complete.

Wildflower Energy LP proposes to construct a simple-cycle dual-fueled peaking electric generation facility consisting of two GE LM6000 gas turbine engines generating 90 MW. The Larkspur Energy Facility will be located at the corner of Harvest Road and Otay Mesa Road in the City of San Diego, San Diego County. The facility will connect to the existing San Diego Gas & Electric substation adjacent to the site via a new 500 foot 69 kV overhead transmission line. Natural gas will be supplied to the facility via a new 500 foot 12-inch diameter interconnection to the existing SDG&E 36-inch natural gas line adjacent to the site. During periods of natural gas curtailment, the facility will operate on diesel fuel oil. The Larkspur project will incorporate selective catalytic reduction (SCR) to reduce project emissions. NOx emissions, when operating with natural gas, are 5 ppm. NOx emission during curtailment periods are 42 ppm. The facility will consume approximately 320 gallons/minute of water, peak, supplied via an interconnection with the existing Otay Water District line adjacent to the project. Waster water from the project will be

discharged to the existing San Diego Metropolitan Wastewater District system sewer lines adjacent to the site. Hazardous materials required and stored onsite for the project are aqueous ammonia and diesel fuel oil. During normal operation the facility will be fueled by natural gas. Diesel fuel oil will be used at the facility only during periods of natural gas curtailment.

The project is expected to be operation on July 5, 2001. The construction will take approximately 2 to 3 months and will begin upon Commission approval of the project.

ENERGY COMMISSION'S EMERGENCY PERMITTING AUTHORITY

This project is being considered outside of the Energy Commission's normal power plant permitting process. Under Public Resources Code section 25705, if the legislature or the Governor declares a state of energy emergency, the Commission has emergency authority to order the construction and use of generating facilities under terms and conditions it specifies to protect the public interest. This authority can be invoked only if the Legislature or Governor declares a state of emergency and the Commission determines that all reasonable conservation, allocation, and service restriction measures may not alleviate an energy supply emergency. The Governor declared a state of emergency on January 17, 2001. On February 8, and March 7, 2001, the Governor issued several executive orders and declared that all reasonable conservation, allocation, and service restriction measures may not alleviate an energy supply emergency.

In Executive Order D-26-01, and Executive Order D-28-01 the Governor ordered the Energy Commission to expedite the processing of applications for peaking and renewable power plants that can be on line by September 30, 2001. The Governor also declared that these projects are emergency projects under Public Resources Code section 21080(b)(4), and are thereby exempt from the requirements of the California Environmental Quality Act (CEQA). A summary of the emergency permitting process, including the proposed schedule, and a checklist showing the information required in an application, can be found on the web at <http://www.energy.ca.gov/sitingcases/peakers/documents/index.html>. A copy of this summary is attached to this notice.

ENERGY COMMISSION'S EMERGENCY PERMITTING PROCESS

The first step in the emergency review process is for Energy Commission staff to determine whether or not the application contains all the information listed in the application checklist. When staff determines that the application is complete, we will conduct a 'fatal-flaw' analysis of the project to determine whether the project should be

approved, and we will develop recommended conditions of certification. The Energy Commission will hold a single public hearing in the local community five to ten days after the application is accepted as complete. This hearing will provide the public, as well as local, state and federal agencies, the opportunity to ask questions about, and provide input on, the proposed project. A notice for this hearing will be mailed, but anyone interested in attending is encouraged to check the project web site. The web site includes instructions for signing up for the project's email list-server.

AGENCY PARTICIPATION

If the application is accepted as complete, your participation in the proceeding will be important in identifying and suggesting ways to resolve issues of concern to your agency. There may be specific requests for agency review and comment during the proceeding, though Commission staff anticipates completing its assessment of the project within approximately two weeks of determining the application is complete. If you have questions or would like additional information on how to participate in the Energy Commission's review of the project, please contact Bob Eller, Siting Project Manager, at (916) 651-8835, or by e-mail at beller@energy.state.ca.us. The status of the project, copies of notices and other relevant documents are also available via the Energy Commission's Internet page at www.energy.ca.gov/sitingcases/peakers.

Sincerely,

ROBERT L. THERKELSEN, Deputy Director for
Energy Facilities Siting & Environmental Protection

Enclosure